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**REPORT 3**  
*1215/52/IM*

**SUBJECT:**  
**WELLINGTON REGIONAL AQUATIC CENTRE  
CX055 LEISURE AND WATERPLAY DEVELOPMENT**

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**1. Purpose of Report**

To request approval for additional capital project expenditure in the **2006/2007** financial year so that the proposed leisure pool and water play development project construction can commence in the 2004/2005 year and to seek necessary approval to proceed with urgency (not part of the 2005/05 Annual Plan process) to undertake the approved WRAC capital development project.

**2. Executive Summary**

Since being approved by the Council in 2003, delays and the current construction industry environment have resulted in continued escalation of the cost to construct the proposed leisure and water play development project. The final cost estimate provided by project cost managers Maltby and Partners identified that further capital funding will need to be committed in the 2006/07 financial year for the project to proceed within the scope of works proposed. The impact of inflation, the current construction market together with resource consent requirements and required changes to the scope of work have necessitated this request for additional funding. Registration of interest had been completed for project construction with tender process and awarding of a contract scheduled for December 2004.

The Aquatic Centre is the city's premier swimming pool asset and makes up a significant part of the city's foundation for a community with strong social infrastructure. The project when completed will provide a range of benefits wider than those that satisfy the demand for leisure and water play experiences.

Existing deep water space can be freed up from use as casual recreation and programme activities for greater use by schools and clubs involved in water sports such as swimming, water polo, underwater hockey and canoe polo. Existing programme space in the learners' pool can be dedicated to aquatic education and learn to swim programmes enabling demand to be met and programmes to grow.

More extensive water space for children and families will be complemented by water treatment processes and equipment that mitigates the risk of microbiological contamination such as recent outbreaks in the region of cryptosporidiosis.

Further delays in the development of this project will continue to add costs and put at risk the availability of potential contractors. More importantly it will not realise those community expectations in place.

### 3. Recommendations

It is recommended that the Committee:

1. *Receive the information*
2. *Agree to recommend to Council that it approve additional capital funding of \$1,779m in the 2006/07 financial year so that the previously approved project can be initiated in 2004/05.*

### 4. Background

The development of a leisure pool and associated water play features at the aquatic centre is a capital project that has the approval of the previous Council but subject to several delays and deferrals in its implementation since first being approved in 2001. Approved again as part of the 2003/04 City Plan and LTCCP it has been victim to the tight construction markets and escalating costs. The following information lists the history and decisions relating to the project:

<i>September 1994</i>	Water play feasibility report completed by Sports Impact Limited on trends towards leisure pools and what development options could be considered to boost Wellington city pools. Water play and leisure pool for WRAC ranked highest priority.
<i>April 1998</i>	WCC introduce competitive tendering for delivery of pool services (3 year contracts). In-house tender for WRAC successful and included proposal for future water play development.
<i>June 1998</i>	Community needs analysis, Development option and concept design completed by Interpool Pacific Limited. Development cost estimate \$3.427 million. Concept rejected as it did not fully meet brief.  Karori Community Pool feasibility study completed by SGL Consulting Group. Developed design and cost estimate of \$5.218m. Proposed fitness centre, waterslide slide & lift removed to reduce cost to construct \$ 4.54 million plus professional fees.
<i>June 1999</i>	1999/2000 Council decision to proceed with development of Community pool for western suburbs on site of existing Karori Pool. WRAC leisure pool development deferred.
<i>June 2001</i>	2001/02 Annual Plan & Long Term Financial Strategy: Completion of Karori Pool. Construction of new teaching pool and fitness centre extension at WRAC. Decision to defer water play project until 2002/03 proceed with fitness centre extension and teaching pool WRAC.

<i>June 2002</i>	2002/03 Annual Plan “ <i>Our programme of steady improvement to recreation centres and swimming pools continues in 2002/03 – the biggest project will be the creation of extended shallow-water play areas at the Wellington Regional Aquatic Centre in Kilbirnie (subject to the 2002 Strategic Review).</i> ”
<i>September 2002</i>	Strategic Review of Swimming Pools adopted: note “ <i>decline in recreational water play and fun activities for 36% of use of WRAC in 1998 to 14% in 2002. Development of Porirua &amp; Upper Hutt leisure pools coincided with this period</i> ”.
<i>January 2003</i>	WRAC Fitness centre extension completed. Review of development of a separate teaching pool identifies more cost effective if this amenity is included in water play development and utilising existing learners’ pool.
<i>February 2003</i>	RDT Pacific conduct review and feasibility for water play development of WRAC and business case presented. Cost estimate of \$ 4.7 million plus professional fees.
<i>June 2003</i>	2003/04 Council Plan Approved Water Play Project: “ <i>Development of the leisure and water play features at Wellington Regional Aquatic Centre will begin in 2003/04 and conclude with the centre’s scheduled five-year preventative maintenance closure early in 2004/05</i> ”.
<i>August – Oct 2003</i>	Environment, geotechnical analysis and topographical survey completed.
<i>Oct 03- March 04</i>	Preliminary design work and preliminary cost estimate completed. Community consultation with affected parties undertaken and resource consent application approved.
<i>March 2004</i>	Councillor briefing to update Councillors and the Councils Management Team on the current position of the leisure pool and water play project at WRAC. Revised cost estimate \$ 5.66 m for construction plus fees
<i>August - Oct 2004</i>	Working drawings, documentation and 80% detailed design costs estimate completed. Registration of Interest process undertaken. Opportunity presented for negotiated contract on selected tender basis.
<i>November 2004</i>	Paper to Strategic and Policy Committee requesting approval for additional capital project expenditure of \$1.359m in the 2006/07 financial year so that the proposed leisure and water play development project can be undertaken as scheduled in February 2005 (total existing project budget \$6.1m)

Strategy and Policy Committee decision 30 November:  
“That recommendation 2 was left to lie on the table and will be considered at the February draft annual plan deliberations:

*Recommendation 2. Approve additional capital development expenditure of \$1.359m in the 2006/07 financial year for project CX055 Aquatic Facility Upgrades - Wellington Regional Aquatic Centre, Leisure Pool and Water Play Development Project”*

*January 2004*

Maltby & Partners (Construction Costs Managers) identify impact and funding implications of delay and future options. (Memo dated 31 January to Director Community Services). Cost escalation rate 1% (\$75,000) per month

Funding shortfall as result of November decision increased from \$1,359m to \$1,779m if project construction commences June/July.

*February 2005*

Management Team recommend to Annual Plan Working Party to proceed with funding shortfall for project. Annual Plan working party recommend to Strategy and Policy Committee Annual Plan Workshop 23 February to approve additional funding in 2006/07 financial year.

Note: No additional capital funding for 2005/06 required.

## **5. Discussion**

The 2005/06 Annual Plan Working Party recommended to the Strategy and Policy Committee who subsequently agreed on 23 February as part of initial 2005/06 Annual Plan deliberations to include additional capital funding for the WRAC development project in the following 2006/07 financial year.

Getting this project right, absorbing delays and inflation has already extended the project original timelines and costs, however, delays have been positive in respect to providing time for additional consultation and ensuring the end result fully satisfies customer expectations.

This positive aspect has ensured that wider community needs have been taken into account. Specifically, Scots College and other schools request for WCC investment in another community pool for the Eastern Suburbs to meet demand for aquatic sports training and aquatic education space will be achieved through this project

### **5.1 Project Objectives and Benefits:**

The provision of dedicated leisure and recreational water space will provide wider community benefits by:

- Meeting the growing demand for pool space by aquatic sports groups and schools by moving recreation and leisure programmes and casual use out of the existing deep water pool space and into dedicated recreation and programme space.
- Providing dedicated aquatic education pool space to meet existing demand and projected growth in the schools and public aquatic education and learn to swim programmes.
- Ensuring the provision of a range of aquatic programmes, services, and access during those frequent times when the majority (50m main pool) of the facility is utilised for regional, national and international aquatic sports competition and events.
- Complying with changes to public health requirements and need to minimise the risk of microbiological contamination of swimming pool water, especially those pools with high volume and at risk users such as children's pools.
- Ensuring that facilities and services developed complemented those leisure pool facilities built in the region during the mid 1990's.
- Providing activities and amenities that promote greater participation and attractions that target and are appropriate for children and youth.
- Providing more suitable and dedicated pool space for babies and toddlers development by separating pre-school from school age activity.
- Increasing family and accessible changing facilities and amenities for persons with disabilities.
- Providing directly accessible poolside spas, sauna and steam room facilities that meet expressed demand and that are integrated with other leisure activities.
- Improving café services, improving access and including more seating and operational service space.

## 5.2 Project Costs:

The revised estimate for the construction work based on the schedule of quantities is \$6,543,719 excluding GST (December 2004). This has increased from the cost estimate reported in the November briefing document of \$6,122,720 due to a number of factors including the following:

- Inflation in construction costs continue to impact the project between 10 -12%.
- Cost managers Maltby & Partners recommend a greater level of contingency of \$420,000 for the period until the project is completed (18 months)
- Current construction market conditions have resulted in an increase in the allowance for contractors margins of approximately \$160,000 additional cost to the project.
- The size of the building has increased slightly in floor area and volume as a result of revised plant room space requirements to locate water treatment, filtration and circulation processes which mitigate microbiological contamination risks. This adds approximately \$188,000.

- Following consultation with affected parties and resource consent conditions additional work required around the existing entrance area, access, parking and landscaping adding approximately \$58,000.
- The scope of the pool water services has been reviewed and refined to include systems and technology that minimises the risk of microbiological contamination of the leisure pools increasing the estimated costs in this area of approximately \$160,000.

The overall increase reflects the current market one year on since the initial concept design and cost estimate was prepared. Overall the project budget has been tightly constrained but remains consistent with the original specification and scope of work. Costs will continue to escalate at approximately 1% per month with notable cost increases to building materials, world steel and copper prices, contractors' margins and their availability and willingness to take on major projects.

The revised project costing provides for both an estimating, contract and professional fees contingency together with on-site project management (Clerk of Works). Given the complex technical nature of construction and services it is recommended that the client (WCC) provide on-site supervision and monitoring.

#### Project Cost Summary

Building and Construction Services	6,254,130	
Lift and Associated Works	133,959	
Fit Out	155,630	
<b>Construction Total (QS Estimate)</b>		<b>6,543,719</b>

#### Professional Fees

Hunt Davies Tennent (Principal Consultant) – 11.74%	718,807	
Maltby & Partners (QS) -1.5%	91,840	
Disbursements (0.76%)	46,532	
<b>Fees Total</b>		<b>857,179</b>

#### Other Costs

Consent Fees	20,000	
Project Management (clerk of works)	55,000	
Water Features	140,000	
Project Contingency – 6%	419,000	
Café Contractor Contribution	-95,000	
<b>Total Other</b>		<b>539,000</b>

<b>Total Project Cost</b>		<b>7,939,898</b>
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#### **Project Funding**

Funding for the WRAC Water play project is provided for in Project Aquatic Facility Upgrades and has been allocated between the financial years 2003/04 to 2004/05 in the Long Term Council and Community Plan for Swimming Pools. Total project costs expended to date (28/02/05) are \$668,676.

The net impact on operational costs is estimated at (\$190,000) per annum. This is based on current operating costs and fee structure. Revised fees and charges are expected to be recommended to the Council for the 2006/07 year lessening this deficit.

## Summary of Project Funding CX055

	2003/04-CF	2004/05	2005/06	2006/07	Total
	\$000	\$000	\$000	\$000	
Current LTCCP	1,880	2,350	1,230	700	6,160
Project Cost	0,210	1,500	3,750	2,479	7,939
Variance	1,670	850	-2,520	1,779	1,779

### Timetable

A revised programme has been developed following the decision of the Strategy and Policy Committee decision in November and work completed to date.

March 2005 *Project Review & Approval for additional funding*

April/May 2005 *Selected Tender or negotiated contract awarded*

June/July 2005 to August 2006 *Construction Phase, Fit Out and Commissioning*

## 6. Conclusion

The development of leisure pools and water play activities at the Wellington Regional Aquatic Centre is an exciting and unique project that will deliver wider benefits than just those relating to the provision of a leisure pool.

The complexity and length of the project puts pressures on funding and the project team have worked hard to constrain costs while not compromising the desired project outcomes. Costs for this project have now increased by \$1.779m (16%) since first being approved by the Council in 2003. Proceeding now rather than with further consultation of the already approved project as part of the 2005/06 Annual Plan process will minimise any further costs to ratepayers.

Contact Officer: *Jamie Delich, Manager Recreation Wellington Business Unit*

## **Supporting Information**

### **1) Fit with Strategic Objectives/Strategic Outcomes**

*The policy supports Council's overall vision of Creative Wellington – Innovation Capital. The policy supports Council activities as a facilitator of recreation partnerships and provider of recreation services. Agreement to the additional funding to complete this project will contribute to Council meeting the outcome of offering a diverse range of quality recreation and leisure activities (see outcome 7.1 Recreation Opportunities).*

### **2) LTCCP/Annual Plan reference and long term financial impact**

*The project is contained in the Council Plan # CX055. The changes indicated here will lead to an increase in capital expenditure in the 2006/2007 year. Net Operational expenditure of \$190k is anticipated for each subsequent year.*

### **3) Treaty of Waitangi considerations**

*Treaty relevant issues were considered as part of the Resource Consent and Consultation process.*

### **4) Decision-Making**

*This is a significant decision. The report recommendation acceptance will enable this project to proceed and be completed. It reflects the views and preferences of those with an interest in this matter who have been consulted with.*

### **5) Consultation**

#### **a) General Consultation**

*All affected parties have been identified. The effects of this work are identified in the approved resource consent application, which was subsequently approved under a non notified basis. Consultation took place with existing facility users, Kilbirnie Park users and surrounding neighbourhood streets.*

### **6) Legal Implications**

*Council's lawyers have been consulted during the development of this report.*

### **7) Consistency with existing policy**

*This report recommends certain measures which are inconsistent with the existing Council decision as part of its LTCCP and Annual Plan Process.*